

## Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 TRSE-00 COME-00 L-03 CIAE-00

INR-11 NSAE-00 RSC-01 H-03 PA-04 PRS-01 USIA-15 DRC-01

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R 261939Z AUG 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4334

INFO AMCONSUL TORONTO

UNCLAS OTTAWA 2730

E.O. 11652: N/A

TAGS: EFIN, SCUL, CA

SUBJECT: GOC REPORTED CONSIDERING TERMINATION OF TIME AND READER'S  
DIGEST ADVERTISING TAX EXEMPTION

1. TORONTO GLOBE AND MAIL OF AUGUST 26 FRONT-PAGES ARTICLE  
ON SUBJECT BY HUGH WINSOR WHICH EMBASSY SUMMARIZES BELOW.

2. BEGIN SUMMARY. GOC HAS TAKEN PRELIMINARY STEPS THAT COULD  
LEAD TO ABOLITION OF TAX EXEMPTIONS FOR TIME AND READER'S  
DIGEST. PROPOSAL EMANATING FROM SECRETARY OF STATE HUGH  
FAULKNER'S DEPARTMENT "APPARENTLY APPROVED" BY CABINET IN  
LATE MAY, BUT NOT ANNOUNCED IN ORDER TO AVOID INJECTING  
U.S.-CANADIAN RELATIONS INTO FEDERAL ELECTION CAMPAIGN.

3. THERE IS GOOD PROBABILITY THAT ACTION WILL BE OUTLINED  
IN THRONE SPEECH (IMMEDIATELY FOLLOWING CONVENING OF NEW  
PARLIAMENT PRESENTLY SCHEDULED SEPTEMBER 30) AS PART OF  
LARGER PACKAGE TO PROMOTE CANADIAN MAGAZINES.

4. CHANGE WOULD INVOLVE AMENDMENT OF INCOME TAX ACT WHICH  
(EXCEPT IN THE CASES OF TIME AND READER'S DIGEST)  
PREVENTS ADVERTISERS FROM DEDUCTING EXPENSES FOR ADS  
PLACED IN NON-CANADIAN OWNED PUBLICATIONS PRINTED IN  
CANADA. PROPOSED CHANGE WOULD HAVE EFFECT OF DOUBLING  
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THE COST OF ADVERTISING IN TIME AND READER'S DIGEST;

AND TIME CANADA PUBLISHER STEPHEN LARUE HAS STATED,  
"I DONT' THINK WE COULD CONTINUE TO SELL ADVERTISING  
HERE UNDER THOSE CIRCUMSTANCES."

5. FINANCE DEPARTMENT WILL BE INVOLVED, AS CHANGING  
TAX LAW IS A BUDGET MATTER, ALTHOUGH FINANCE DEPARTMENT  
SOURCE SAYS NOTHING FORMAL HAS COME FROM CABINET SINCE  
ELECTION. END SUMMARY.

6. COPIES OF WINSOR ARTICLE BEING POUCHED EUR/CAN -  
BROWN.

7. SEE IMMEDIATELY FOLLOWING TELEGRAM OTTAWA 2729  
JOHNSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ADVERTISING, PRESS COMMENTS, TAX RELIEF, FOREIGN INVESTMENTS, TIME MAGAZINE, READERS DIGEST  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**TAGS:** EFIN, SCUL, CA, US  
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